ARIZONA CORPORATION COMMISSION UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY



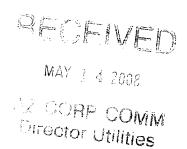
W-0289A

DIVERSIFIED WATER UTILITIES, INC. 4700 EAST THOMAS ROAD, SUITE 203 PHOENIX, AZ 85018

ANNUAL REPORT

FOR YEAR ENDING

12 31 2007



FOR COMMISSION USE

ANN 04

07

PROCESSED BY:

SCANNED - O

COMPANY INFORMATION

Company Name (Business Name) I		o, inc.							
Mailing Address 4700 East Thomas Road, Suite 203									
(Street) Phoenix	ÄZ	85018-7703							
(City)	(State)	(Zip)							
(602) 840-9400	(602) 840-6030								
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)							
Email Address sgray@dwuwater.com									
Local Office Mailing Address 4700 Eas									
(Stre	AZ	85018-7703							
Phoenix (City)	(State)	(Zip)							
(602) 840-9400	(602) 840-6030								
	Fax No. (Include Area Code)	Cell No. (Include Area Code)							

MANAGEMENT INFORMATION

Management Contact: Scott	W. Gray	Pre	esident
	(Name)	(Ti	tle)
4700 East Thomas Road, Su	ite 203 Phoenix	AZ	85018-7703
(Street)	(City)	(State)	(Zip)
(602) 840-9400	(602) 840-6030		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Inch	ude Area Code)
Email Address sgray@dwuwater. On Site Manager: David B. 1			
On Ditte Tixumager,			
	(Name)		
4700 East Thomas Road, St	,	AZ	85018-7703
	,	AZ (State)	85018-7703 (Zip)
4700 East Thomas Road, St	uite 203 Phoenix		
4700 East Thomas Road, St (Street)	uite 203 Phoenix (City)	(State)	

I Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Scott W. Gr	av		
Statutory Agent.	(Name)		
4700 East Thomas Road, Su		AZ	85018-7703
(Street)	(City)	(State)	(Zip)
(602) 840-1140	(602) 840-6030	0.000	
Telephone No. (Include Area Code)	Fax No. (Include Area Code		ude Area Code)
Attorney: William P. Sulli	van, Curtis Goodwin Su (Name)	llivan Udall & 8	Schwab, P.L.C.
501 East Thomas Road	Phoenix	AZ	85012-3205
(Street)	(City)	(State)	(Zip)
(602) 393-1700 Telephone No. (Include Area Code)	(602)393-1703 Fax No. (Include Area Code)	Cell No. (Incl	ude Area Code)
•	Pax No. (menade Area Code)	Con no. (mer	ado ra de Codo)
Email Address	and the same of th		
Please mark this box if the above			last filing.
0	WNERSHIP INFORMAT	<u>'ION</u>	· · · · · · · · · · · · · · · · · · ·
Check the following box that applies t	to your company:		
Sole Proprietor (S)	☐ C Corporation	(C) (Other than Asso	ociation/Co-op)
Partnership (P)	☒ Subchapter S	Corporation (Z)	
Bankruptey (B)	Association/Co	o-op (A)	
Receivership (R)	Limited Liabil	lity Company	
Other (Describe)	and the second s		
	COUNTIES SERVED		a participant
Check the box below for the county/ie	es in which you are certificated to	provide service:	
□ АРАСНЕ	☐ COCHISE		Ю
☐ GILA	☐ GRAHAM	GREENLI	EE
☐ LA PAZ	☐ MARICOPA	☐ MOHAVE	
☐ NAVAJO	☐ PIMA	X PINAL	
☐ SANTA CRUZ	☐ YAVAPAI	☐ YUMA	
☐ STATEWIDE			

COMPANY NAME DIVERSIFIED WATER UTILITIES, INC.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	41,842		41,842
304	Structures and Improvements	58,122	9,996	48,126
307	Wells and Springs	320,717	68,709	252,008
311	Pumping Equipment	863,432	89,381	774,051
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	530,023	66,093	463,930
331	Transmission and Distribution Mains	1,325,482	209,481	1,116,001
333	Services	112,702	17,643	95,059
334	Meters and Meter Installations	238,101	28,458	209,643
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	13,661	1,806	11,855
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	3,569	127	3,442
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment	_		
347	Miscellaneous Equipment			
348	Other Tangible Plant	67,403	11,775	55,628
	TOTALS	3,575,054	503,469	3,071,585

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME DIVERSIFIED WATER UTILITIES, INC.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
			3 ()	,
301	Organization			
302	Franchises			
303	Land and Land Rights	41,842		
304	Structures and Improvements	58,122	3.56%	2,069
307	Wells and Springs	320,717	3.56%	11,418
311	Pumping Equipment	863,432	3.56%	
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	530,023	3.56%	18,869
331	Transmission and Distribution Mains	1,325,482	3.56%	47,187
333	Services	112,702	3.56%	<u> </u>
334	Meters and Meter Installations	238,101	3.56%	
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	13,661	3.56%	486
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	3,569	3.56%	127
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	67,403	3.56%	2,400
	SUBTOTALS	3,575,054		125,782
	Less: Amortization of Contributions	-,		(43,084)
	TOTALS	3,575,054		82,698

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.



To The Board of Directors of Diversified Water Utilities, Inc. Phoenix, Arizona

We have compiled the balance sheet of Diversified Water Utilities, Inc. as of December 31, 2007 and 2006, and the related comparative statement of income and expense for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

Ullmann & Company

ULLMANN & COMPANY, P.C. Certified Public Accountants

April 29, 2008

COMPANY NAME

DIVERSIFIED WATER UTILITIES, INC.

BALANCE SHEET

Acct. No.		- I	GINNING OF	Į.		
	ASSETS	\$ 349,960 ds ash Investments counts Receivable 26,384 ables from Associated Companies I and Supplies s Current and Accrued Assets RRENT AND ACCRUED ASSETS FIXED ASSETS n Service \$ 3,308,81 If for Future Use Work in Progress Depreciation - Utility Plant 377,686 roperty	YEAR		YEAR	
	CURRENT AND ACCRUED ASSETS	· · · · · · · · · · · · · · · · · · ·			<u></u>	
131	Cash	\$	349,960	\$	609,691	
134	Working Funds					
135	Temporary Cash Investments					
141	Customer Accounts Receivable		26,384		19,198	
146	Notes/Receivables from Associated Companies		_			
151	Plant Material and Supplies					
162	Prepayments					
174	Miscellaneous Current and Accrued Assets					
	TOTAL CURRENT AND ACCRUED ASSETS					
		\$	376,344	\$	628,889	
	FIXED ASSETS					
101	Utility Plant in Service	\$	3,308,811	\$	3,575,054	
103	Property Held for Future Use					
105	Construction Work in Progress					
108	Accumulated Depreciation - Utility Plant		377,687		503,469	
121	Non-Utility Property		·			
122	Accumulated Depreciation - Non Utility					
	TOTAL FIXED ASSETS	\$	2,931,124	\$	3,071,585	
	TOTAL ASSETS	\$	3,307,468	\$	3,700,474	

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME DIVERSIFIED WATER UTILITIES, INC.

BALANCE SHEET (CONTINUED)

Acct.			LANCE AT			
No.	T 1 A DAY 20070		EGINNING	END OF		
	LIABILITIES	(OF YEAR		YEAR	
	CURRENT LIABILITES					
231	Accounts Payable	\$	-	\$	_	
232	Notes Payable (Current Portion)		66,000	t	119,000	
234	Notes/Accounts Payable to Associated Companies					
235	Customer Deposits		20,591		37,371	
236	Accrued Taxes		10,293		14,350	
237	Accrued Interest					
241	Miscellaneous Current and Accrued Liabilities					
	TOTAL CURRENT LIABILITIES	\$	96,884	\$	170,721	
	LONG-TERM DEBT (Over 12 Months)					
224	Long-Term Notes and Bonds	\$	222,030	\$	208,288	
	DEFERRED CREDITS					
251	Unamortized Premium on Debt	\$		\$	-	
252	Advances in Aid of Construction		1,726,322		1,911,629	
255	Accumulated Deferred Investment Tax Credits					
271	Contributions in Aid of Construction		1,134,844		1,285,594	
272	Less: Amortization of Contributions		48,768		91,852	
281	Accumulated Deferred Income Tax					
	TOTAL DEFERRED CREDITS	\$	2,812,398	\$	3,105,371	
	TOTAL LIABILITIES	\$	3,131,312	\$	3,484,380	
	CAPITAL ACCOUNTS					
201	Common Stock Issued	\$	2,000	\$	2,000	
211	Paid in Capital in Excess of Par Value		198,261		198,261	
215	Retained Earnings		(24,105)		15,833	
218	Proprietary Capital (Sole Props and Partnerships)		(- ')- **/		,	
	TOTAL CAPITAL	\$	176,156	\$	216,094	
					·····	
	TOTAL LIABILITIES AND CAPITAL	\$	3,307,468	\$	3,700,474	

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	No.		OR YEAR	CURRENT YEAR	
461	Metered Water Revenue	\$	476,369	\$	757,827
460	Unmetered Water Revenue				
474	Other Water Revenues		16,355		20,556
	TOTAL REVENUES	\$	492,724	\$	778,383
	OPERATING EXPENSES		· · · · · · · · · · · · · · · · · · ·		· · · · · · · · · · · · · · · · · · ·
601	Salaries and Wages	\$	133,834	\$	196,908
610	Purchased Water				
615	Purchased Power		27,619		45,579
618	Chemicals		4,308		2,884
620	Repairs and Maintenance		32,962	-	29,977
621	Office Supplies and Expense		5,419		17,271
630	Outside Services		97,839		104,904
635	Water Testing		7,945		4,916
641	Rents		23,260		44,812
650	Transportation Expenses		17,072		24,060
657	Insurance - General Liability		10,804		12,755
659	Insurance - Health and Life		28,476		36,465
666	Regulatory Commission Expense - Rate Case				. ,
675	Miscellaneous Expense		12,029		19,073
403	Depreciation Expense		88,045		82,698
408	Taxes Other Than Income		12,781		16,297
408.11	Property Taxes		16,809		20,920
409	Income Tax				
	TOTAL OPERATING EXPENSES	\$	519,202	\$	659,519
	OTHER INCOME/EXPENSE				
419	Interest and Dividend Income	\$	6,141	\$	10,007
421	Non-Utility Income		0		9,248
426	Miscellaneous Non-Utility Expenses				
427	Interest Expense		13,097		12,455
	TOTAL OTHER INCOME/EXP	\$	(6,956)	\$	6,800
	NET INCOME/(LOSS)	\$	(33,434)	\$	125,664

SUPPLEMENTAL FINANCIAL DATA Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
	2002			
Date Issued				
Source of Loan	WIFA NOTE			
ACC Decision No.				
Reason for Loan	PLANT IMPROVEMENT			
Dollar Amount Issued	\$ 353,900	\$	\$	\$
Amount Outstanding	\$ 224,288	\$	\$	\$
Date of Maturity				
Interest Rate	4.725%	%	%	%
Current Year Interest	\$ 12,311	\$	\$	\$
Current Year Principle	\$ 18,742	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ 839,117
Meter Deposits Refunded During the Test Year	\$ 61,108

COMPANY NAME	DIVERSIFIED	WATER	UTILITIES,	INC.		
Name of System: N/	'A	A	DEQ Public Wa	iter System Number:	11-043	

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-609350	30	200	1,000	20	6	1952
55-627093	250	1,200	913	20	12	1958
55-627092**	300	1,500	1,003	20	10	1962
55-627095**		2,300	1,800	20		1967
				inia, miista		
					2	

^{*} Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
10 horsepower	2	88	None
30 horsepower	4		

STORAGE TANKS		PRESSUI	RE TANKS
Capacity	Quantity	Capacity	Quantity
200,000	1	5,000	2
20,000	1	7,500	1
1,000,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

^{**} Not yet in service

COMPANY NAME	DIVERSIFIED				
Name of System: N/	'A	A.	DEQ Public Wa	ter System Number:	11-043

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS Size (in inches) Material Length (in feet) 2 884 3 6,350 5 46,000 6 46,000 8 60,372 10 12 16,163 16,163

CUSTOMER METERS		
Size (in inches)	Quantity	
5/8 X 3/4	362	
3/4	630	
1	163	
1 1/2	2	
2	4	
Comp. 3		
Turbo 3	1	
Comp. 4		
Tubo 4		
Comp. 6		
Tubo 6		

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:		
Liquid Chlorine		
the state of the s		
STRUCTURES:		
Storage Shed		
Chlorine Shed		
And the second s		
The state of the s		
OTHER:		
OTIEK.		
	A STATE OF THE STA	
		The state of the s

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME:		
Name of System:	ADEQ Public Water System Number:	

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	883	5,366	7,730	
FEBRUARY	932	5,698	7,025	
MARCH	970	7,977	7,943	
APRIL	1,011	8,757	11,734	
MAY	1,037	10,121	7,911	
JUNE	1,062	12,202	11,408	
JULY	1,066	10,888	12,470	
AUGUST	1,134	11,334	12,263	
SEPTEMBER	1,176	11,213	11,409	
OCTOBER	1,163	13,140	7,482	
NOVEMBER	1,171	7,653	9,146	
DECEMBER	1,169	8,086	10,272	
	TOTALS →	112,435	116,793	None

0.0030	_mg/l	(55-609350)
0.0020	${ m mg/l}$	(55-627093)
0.0017	mg/1	(55-627092)
?1,000GPN	¶ for _	2 hrs
em chlorin	ate con	tinuously?
nt Area (Al	MA)?	
Day (GPCP	D) req	uirement?
_		
	em chlorin	0.0020 mg/1

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME	DIVERSIFIED WATER UTILITIES, INC.	YEAR ENDING 12/31/2007
	PROPERTY TAXES	
A C 1		10.074
Amount of actual property	y taxes paid during Calendar Year 2007 was: \$	18,8/4
	ort proof (e.g. property tax bills stamped "paid in fany and all property taxes paid during the calend	
If no property taxes paid,	explain why.	

VERIFICATION **AND** SWORN STATEMENT **Taxes**

RECEIVED

NZ CORF COMM Director Utilities

VERIFICATION

STATE OF ARIZONA I, THE UNDERSIGNED OF THE

	 ~ (111 [1 [2
COUNTY OF (COUNTY NAME)	
MARICOPA	
NAME (OWNER OR OFFICIAL) TITLE	
SCOTT W. GRAY, PRESIDENT	
COMPANY NAME	İ
DIVERSIFIED WATER UTILITIES, INC	

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

SIGNATURE OF OWNER OR OFFICIAL

(602) 840-9400

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

COUNTY NAME

Maricopa

20₀₈

LYNN M. ENGLE NOTARY PUBLIC - State of Arizona MARICONTACTIONTY My Comm. Expires Nov. 6, 2009

SIGNATURE OF NOTARY PUBLIC

11-6-09 MY COMMISSION EXPIRES

INCOME TAXES

	J	
Federal Taxable Income Reported	N/A-S Corporation	
Estimated or Actual Federal Tax Liability	N/A-S Corporation	

State Taxable Income Reported N/A-S Corporation
Estimated or Actual State Tax Liability N/A-S Corporation

Amount of Grossed-Up Contributions/Advances:

For this reporting period, provide the following:

Amount of Contributions/Advances	<u> </u>
Amount of Gross-Up Tax Collected	0
Total Grossed-Up Contributions/Advances	0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Scott W. Gray President

Scott W. Gray President

PRINTED NAME TITLE

VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

RECEIVED

MAY 1 4 2008

AZ CORP COMM

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)

MARICOPA

NAME (OWNER OR OFFICIAL) TITLE

SCOTT W. GRAY, PRESIDENT

COMPANY NAME

DIVERSIFIED WATER UTILITIES, INC.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH DAY YEAR
12 31 2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM <u>ARIZONA INTRASTATE</u> UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 829,295

(THE AMOUNT IN BOX ABOVE

	INCLUDES \$ 50,912	
	IN SALES TAXES BILLED, OR COLLECTED)	
**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)	SIGNATURE OF OWNER OR OFFICIAL (602) 840–9400 TELEPHONE NUMBER	
SUBSCRIBED AND SWORN TO BEFORE ME		
A NOTARY PUBLIC IN AND FOR THE COUNTY OF	county name Maricopa	
THIS DAY OF	MONTH May .2008	
OFFICIAL SEAL LYNSHAM ENGLE LYNSHAM ENGLE MARICOPA COUNTY MY COMMISSION EXPIRISE 6, 250 6 - 09	Lynn M. Englo SIGNATURE OF NOTARY PUBLIC	

VERIFICATION AND **SWORN STATEMENT** RESIDENTIAL REVENUE **Intrastate Revenues Only**

RECEIVED

MAY 1 4 2008

AZ CORP COMM Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

COUNTY OF (COUNTY NAME) MARICOPA NAME (OWNER OR OFFICIAL) SCOTT W. GRAY TITLE PRESIDENT COMPANY NAME DIVERSIFIED WATER UTILITIES, INC.

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH DAY YEAR 12 31 2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRAS	STATE GROSS	OPERATING I	REVENUES
----------------	-------------	-------------	----------

829,295

THE AMOUNT IN BOX AT LEFT INCLUDES \$ 50.912

IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

SIGNATURE OF OWNER OR OFFICIAL

(602) 84**0**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

DAY OF

NOTARY PUBLIC NAME Lynn M. Engle

Maricopa

COUNTY NAME

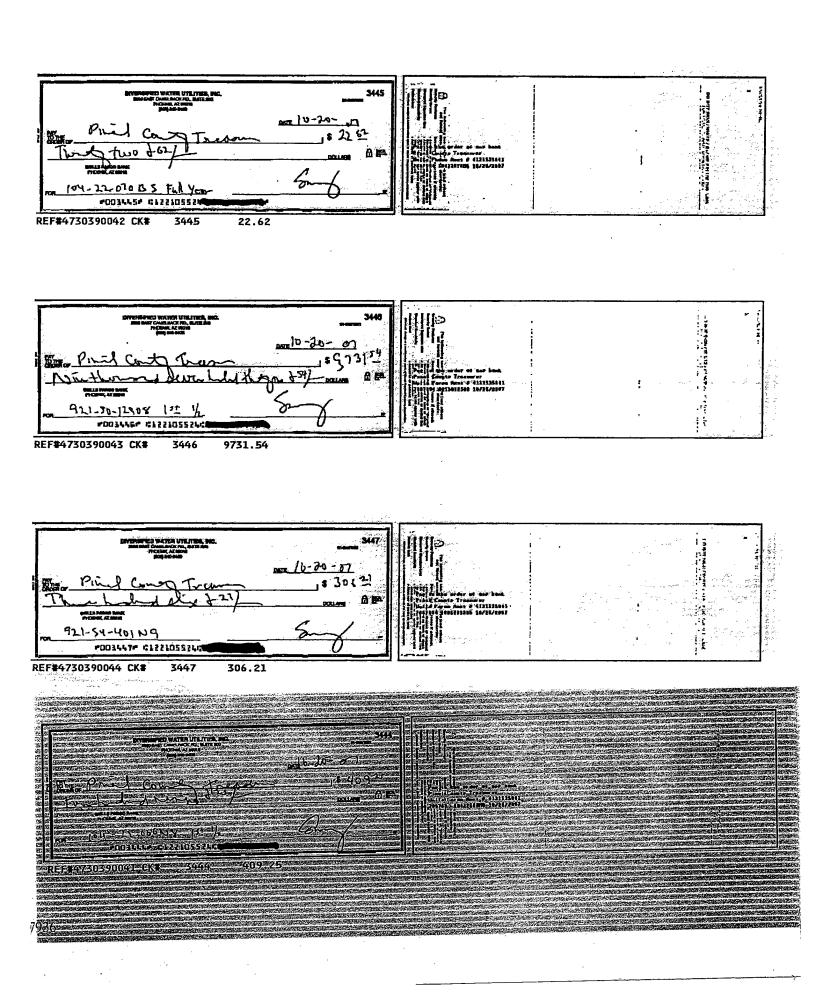
MONTH

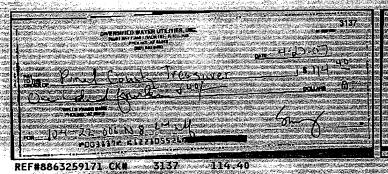
LYNN M. ENGLE TARY PUBLIC - State of Arizona IICOPA COUNTY My OSEATO res Nov. 6, 2009

THIS CIAL SEAL

MY COMMISSION EXPIRES

11-6-09





Principal County (Transdram)

Princi

REF-8863259170 CK# 128 23158 use 28290001

Selection of the select

STATE OF ARIZONA)
) ss
County of Maricopa)

Affiant, Scott W. Gray, being first duly sworn and upon his oath, deposes and states:

- 1. All statements made herein are based upon my own personal knowledge.
- 2. I am the President of Diversified Water Utilities, Inc. ("Diversified") and I am authorized to make this Affidavit. Diversified is a public service corporation water company certificated by the Arizona Corporation Commission ("ACC") to provide water service to that are in Pinal County, Arizona as specified in Decision No. 70181.
- 3. On or about February 27, 2008, the ACC issued Decision No. 70181 requiring Diversified to file annually an affidavit attesting that property taxes are current when filing its Annual Report with the Utilities Division of the ACC.
- 4. Affiant makes this verification and states that Diversified is current on its property taxes.

DATED this 13 day of 17ay, 2008.

Scott W. Gray

Subscribed and sworn to before me this 13th day of

y of <u>May</u>, 2008, by Scot

Gray.



Notary Public

Notary Expiration Date:

nonember 6, 2009